

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

SANDHU FARM INC., *et al.*,

Plaintiffs,

v.

FERROSAFE LLC, *et al.*,

Defendants.

Case No. C21-1580-MLP

ORDER

On November 23, 2021, Defendant Ferrosafe LLC (“Ferrosafe”) removed this action from Skagit County Superior Court on the grounds that this Court had diversity jurisdiction. (Dkt. # 1 at 2.)

Federal courts “have an independent obligation to determine whether subject-matter jurisdiction exists, even in the absence of a challenge from any party.” *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 514 (2006). On January 25, 2023, pursuant to Federal Rule of Civil Procedure 7.1, the Court ordered Ferrosafe to file a disclosure statement providing the name and citizenship of every individual or entity whose citizenship is attributed to Ferrosafe. (Dkt. # 45.) The Court explained that an unincorporated entity, such as an LLC or partnership, “‘is a citizen of every state of which its owners/members are citizens,’ not the state in which it was formed or does

1 business.” *NewGen, LLC v. Safe Cig, LLC*, 840 F.3d 606, 612 (9th Cir. 2016) (quoting *Johnson*
2 *v. Columbia Props. Anchorage, LP*, 437 F.3d 894, 899 (9th Cir. 2006)). “[I]f an LLC’s
3 membership includes other unincorporated associations, like partnerships or additional LLCs, a
4 plaintiff must ‘trace[] through however many layers of partners or members there may be’ until
5 the underlying party’s citizenship is established.” *Asana Partners Fund II Reit 14 LLC v. Heath*
6 *Fam. I LLC*, 2020 WL 7241449, at *2 (W.D. Wash. Dec. 9, 2020) (quoting *Meyerson v.*
7 *Harrah’s E. Chi. Casino*, 299 F.3d 616, 617 (7th Cir. 2002)).

8 In its response to the Court’s Order, Ferrosafe indicated somewhat vaguely that, at some
9 point in the past, its sole member was Ferrosafe Holdings, LLC, whose members were Oak
10 Bowery, LLC, and JH Graceson, LLC. (Dkt. # 46 at 1-2.) However, Ferrosafe failed to provide
11 the names and citizenship of the members of Oak Bowery, LLC, and JH Graceson, LLC. These
12 entities’ citizenship is attributed to Ferrosafe. *See Asana Partners*, 2020 WL 7241449, at *2.

13 Ferrosafe also stated that, beginning November 24, 2021—the day after it removed the
14 case to this Court—its sole member is Auxo Rail Services, LLC, whole sole member is Auxo
15 Rail Holdings, LLC, whose members in turn are Auxo Growth Holdings I – Rail, LLC, and
16 Greycliff Partners LP. (Dkt. # 46 at 2.) Ferrosafe failed to provide the names and citizenship of
17 the members of Auxo Growth Holdings I – Rail, LLC, and Greycliff Partners LP. Again, the
18 citizenship of these entities is attributed to Ferrosafe.

19 Ferrosafe’s insufficient disclosures violated Federal Rule of Civil Procedure 7.1, as well
20 as this Court’s Order.

21 An attorney or party who without just cause fails to comply with any of the Federal
22 Rules of Civil or Criminal Procedure, these rules, or an order of the court, . . . may,
23 in addition to or in lieu of the sanctions and penalties provided elsewhere in these
rules, be required by the court to satisfy personally such excess costs and may be
subject to such other sanctions as the court may deem appropriate.

1 W.D. Wash. Local Civil R. 11(c).

2 Accordingly, the Court ORDERS Ferrosafe to show cause by **February 14, 2023**, why it
3 should not be sanctioned for failure to comply with Federal Rule of Civil Procedure 7.1 and this
4 Court's Order.

5 Dated this 6th day of February, 2023.

6 

7 MICHELLE L. PETERSON
8 United States Magistrate Judge
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23